

14 July 1981

Admiral Inman:

Per your request on page opposite:

- o NSDD 1 -- Attached at Tab A (4 plus months in the approval process!)
- o NSDD 2 -- Which is to define the NSC structure (to include SIGs and IGs) is still in its last stage of drafting. The Attorney General has been making representations for a greater role for Justice and FBI in the NSC structure and on 24 April offered his own draft.
- o NSDD 3 & NSDD 4 -- Have not been issued even in draft. I am attempting to determine subjects. Will let you know.
- o NSDD 5 -- Conventional Arms Transfer Policy, which you have seen, is attached at Tab B.

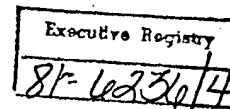


Thomas B. Cormack
Executive Secretary

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WASHINGTON



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July 8, 1981

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE COUNSELLOR TO THE PRESIDENT
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHIEF OF STAFF TO THE PRESIDENT
THE CHAIRMAN, JOINT CHIEFS OF STAFF

STAT

SUBJECT: National Security Council Directives

The President has formally approved the attached National Security Decision Directive on National Security Council Directives.

FOR THE PRESIDENT:

Richard V. Allen
Assistant to the President
for National Security Affairs

Attachment

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February 25, 1981

NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 1

NATIONAL SECURITY COUNCIL DIRECTIVES

The following two directive series are hereby established to inform the Departments and Agencies of Presidential actions:

NATIONAL SECURITY DECISION DIRECTIVE (NSDD)

This series shall be used to promulgate Presidential decisions implementing national policy and objectives in all areas involving national security. All decision directives in this series shall be individually identified by number and signed by the President.

NATIONAL SECURITY STUDY DIRECTIVE (NSSD)

This series shall be used to direct that studies be undertaken involving national security policy and objectives.

The Presidential Review Memorandum (PRM) and Presidential Decision (PD) series are hereby discontinued. An NSDD will be issued setting forth the status and disposition of existing PRMs, PDs and other NSC directives.

Ronald Reagan

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July 8, 1981

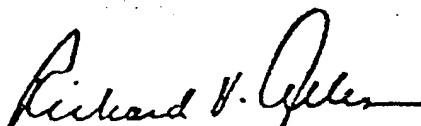
MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE COUNSELLOR TO THE PRESIDENT
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE CHIEF OF STAFF TO THE PRESIDENT
THE CHAIRMAN, JOINT CHIEFS OF STAFF

STAT

SUBJECT: Conventional Arms Transfer Policy

The President has formally approved the attached National Security Decision Directive on conventional arms transfer policy. It should be implemented in accordance with the procedures detailed in my memorandum of May 27, 1981, on arms transfer coordination.

FOR THE PRESIDENT:



Richard V. Allen
Assistant to the President
for National Security Affairs

Attachment

cc: The Director, Office of Management and Budget
The Deputy Chief of Staff to the President
The Director, Arms Control and Disarmament Agency

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July 8, 1981

**NATIONAL SECURITY DECISION
DIRECTIVE NUMBER 5**

CONVENTIONAL ARMS TRANSFER POLICY

The challenges and hostility toward fundamental United States interests, and the interests of its friends and allies, have grown significantly in recent years. These trends threaten stability in many regions and impede progress toward greater political and economic development.

The United States cannot defend the free world's interests alone. The United States must, in today's world, not only strengthen its own military capabilities, but be prepared to help its friends and allies to strengthen theirs through the transfer of conventional arms and other forms of security assistance. Such transfers complement American security commitments and serve important United States objectives. Prudently pursued, arms transfers can strengthen us.

The United States therefore views the transfer of conventional arms and other defense articles and services as an essential element of its global defense posture and an indispensable component of its foreign policy. Applied judiciously, arms transfers can:

- help deter aggression by enhancing the states of preparedness of allies and friends;
- increase our own armed forces' effectiveness: by improving the ability of the United States, in concert with its friends and allies, to project power in response to threats posed by mutual adversaries;
- support efforts to foster the ability of our forces to deploy and operate with those of our friends and allies, thereby strengthening and revitalizing our mutual security relationships;
- demonstrate that the United States has an enduring interest in the security of its friends and partners and that it will not allow them to be at a military disadvantage;

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-- foster regional and internal stability, thus encouraging peaceful resolution of disputes and evolutionary change; and

-- help to enhance United States defense production capabilities and efficiency.

Attainment of these objectives in turn requires effective United States Government control and direction over arms transfers. Because of the diversity of United States security interests, this Administration will tailor its approach to arms transfer requests to specific situations and exercise sufficient flexibility to respond promptly to changes affecting the mutual interests of the United States and its allies and friends. We will review such requests with care.

The United States will evaluate requests primarily in terms of their net contribution to enhanced deterrence and defense. It will accord high priority to requests from its major alliance partners and to those nations with whom it has friendly and cooperative security relationships. In making arms transfer decisions the United States will give due consideration to a broad range of factors including:

-- the degree to which the transfer responds appropriately to the military threats confronting the recipient;

-- whether the transfer will enhance the recipient's capability to participate in collective security efforts with the United States;

-- whether the transfer will promote mutual interests in countering externally supported aggression;

-- whether the transfer is consistent with United States interests in maintaining stability within regions where friends of the United States may have differing objectives;

-- whether the transfer is compatible with the needs of United States forces, recognizing that occasions will arise when other nations may require scarce items on an emergency basis;

-- whether the proposed equipment transfer can be absorbed by the recipient without overburdening its military support system or financial resources; and

-- whether any detrimental effects of the transfer are more than counterbalanced by positive contributions to United States interests and objectives.

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All requests will be considered on a case-by-case basis. Those for coproduction, or the transfer of sensitive or advanced technology, will receive special scrutiny, taking into account economic and industrial factors for both the United States and other participating countries, the importance of arms cooperation with NATO and other close friends and allies, potential third party transfers, and the protection of sensitive technology and military capabilities.

Particular care must be taken to avoid any adverse impact on allied and friendly nations by encouraging them to assume burdens for which their economies are ill-prepared. Therefore, careful consideration will be given to lower-cost alternatives including adaptations of military equipment for sale abroad, recognizing that first-line systems may not suit the needs of many countries. This consideration of the full range of available American alternatives will take place at every stage of review.

United States Government representatives overseas will be expected to provide the same courtesies and assistance to firms that have obtained licenses to market items on the United States Munitions List as they would to those marketing other American products.

The policy changes being initiated should not be seen as heralding a period of unrestrained military transfers. The United States retains a genuine interest in arms transfer restraint and remains prepared to consider specific proposals directed toward that end. There has been, however, little or no interest in arms transfer limitations manifested by the Soviet Union, or the majority of other arms-producing nations. In the absence of such interest, the United States will not jeopardize its own security needs through a program of unilateral restraint. At the same time, recognizing the special role that its major allies can play in strengthening common friends, it will seek to develop complementary policies with those allies.

The realities of today's world demand that we pursue a sober, responsible, and balanced arms transfer policy, a policy that will advance our national security interests and those of the free world. Both in addressing decisions as to specific transfers and opportunities for restraint among producers, we will be guided by principle as well as practical necessity. We will deal with the world as it is, rather than as we would like it to be.

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This directive supersedes Presidential Directive No. 13 of May 13, 1977, and the Conventional Arms Transfer Policy Statement by the President of May 19, 1977, which are hereby rescinded.

Ronald Reagan

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